

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

INDIAN HEALTH SERVICE

**A Management Evaluation of
Program Integrity and Ethics Functions**



**JUNE GIBBS BROWN
Inspector General**

**NOVEMBER 1998
OEI-04-97-00060**

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EXECUTIVE SUMMARY

PURPOSE

To determine whether or not the program integrity and ethics function within the Indian Health Service is organized, staffed, and operating effectively.

BACKGROUND

Within the Department of Health and Human Services, the Indian Health Service (IHS) is the primary provider of health care to an estimated 1.4 million American Indians and Alaska Natives. The IHS employs about 14,000 people nationwide. Its Fiscal Year 1997 budget was \$2.3 billion.

The program integrity and ethics staff have three major responsibilities. They

- ▶ investigate complaints and allegations about IHS and tribal employees,
- ▶ perform ethics activities, and
- ▶ coordinate personnel suitability investigations.

The IHS Director asked the Office of Inspector General to evaluate, for effectiveness, the operation of its program integrity and ethics function. We did so by comparing IHS' program integrity and ethics operations to those of four other organizations. The four selected organizations were the Food and Drug Administration (FDA), National Institutes of Health (NIH), Centers for Disease Control and Prevention (CDC), and Health Resources and Services Administration (HRSA). We also surveyed and interviewed staff at IHS headquarters and 11 of its 12 area offices.

FINDINGS

The Mission, Policies, and Procedures for Program Integrity and Ethics Are Not Clear

Staff at IHS headquarters seem to understand the mission, policies, and procedures for program integrity and ethics. However, over half of the staff at area offices said the mission, policies, and procedures are not clear to them. The IHS has not finalized its operating policies and procedures which have been in draft for over 2 ½ years. Over half of the IHS area offices had not received copies of the draft manual. Because of confusion over policies and procedures, personnel suitability functions were not completed or not completed timely.

Organizational Structure Obscures Visibility and Prominence

The program integrity and ethics function is not clearly identifiable in the current organizational structure. Its visibility and prominence was obscured during a March 1997 reorganization.

Organizational Placement Fragments Responsibility for Personnel Suitability

Responsibility for one program integrity and ethics function--personnel suitability is fragmented. The conduct of personnel suitability investigations is shared by several IHS components. IHS policies and procedural guidance does not clearly delineate the specific responsibilities of each organization, or the processes for sharing responsibilities. The four other organizations we reviewed all placed the personnel suitability function in one office--Division of Human Resources.

Staffing May Be Inadequate

The IHS had one program integrity and ethics staff member for every 4,666 agency employees. This ratio was less than that of any of the other four organizations we reviewed.

RECOMMENDATIONS

Effective administration of IHS' program integrity and ethics function can be improved by clarifying responsibilities, and enhancing visibility and prominence within the organization.

We recommend that the IHS Director

- ▶ Finalize its policies and procedures manual and distribute it to all offices as soon as possible. The manual should clearly delineate the integrity and ethics responsibilities of all IHS components, and procedures for components to follow in carrying out IHS' overall policy.
- ▶ Disseminate materials such as letters, brochures, and pamphlets to all IHS staff. Such materials should explain the program integrity and ethics functions and how they are carried out.

Regarding the question on adequacy of staff for effective accomplishment of program integrity and ethics functions, we recognize that this difficult decision can only be made by IHS management. In making the decision, management must consider many variables, including the relative importance of all organizational goals and objectives, the priority use of limited staff resources for accomplishment of those goals and objectives, and the relative strengths of assigned staff. Simply increasing staff size may or may not be the solution for meeting IHS' program integrity and ethics objectives, although this may be one consideration. Another option that management could consider is transferring some functions to other organizational components.

For example, the personnel suitability function could be transferred to the Division of Human Resources. These and other such staffing options could help assure effective and timely completion of IHS' program integrity and ethics objectives.

AGENCY COMMENTS

We received comments from the Assistant Secretary for Management and Budget (ASMB) who concurred with our recommendation that IHS finalize its policies and procedures manual and distribute it to all offices as soon as possible. However, ASMB raised questions about the significance of our original finding on the organizational location of the personnel suitability function. We revised our findings to emphasize that the unspecified sharing of duties and responsibilities among the two components has resulted in confusion and inconsistent administration of the personnel suitability duty.

The IHS did not comment on the draft report, but plans to provide comments on the final report.

Appendix C shows the full text of ASMB's comments.

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INTRODUCTION

PURPOSE

To determine whether or not the program integrity and ethics function within the Indian Health Service is organized, staffed, and operating effectively.

BACKGROUND

Indian Health Service

Within the Department of Health and Human Services, the Indian Health Service (IHS) is the primary provider of health care to an estimated 1.4 million American Indians and Alaska Natives. The IHS employs about 14,000 people nationwide. Its Fiscal Year 1997 budget was \$2.3 billion.

Program Integrity and Ethics

The program integrity and ethics staff is located in IHS headquarters in Rockville, Maryland. Organizationally, program integrity and ethics is located within the Office of Management Support. The Office of Management Support is one of three major components of the IHS. The two remaining components are the Office of Director and Office of Public Health.

The program integrity and ethics staff have three major responsibilities. They

- ▶ investigate complaints and allegations about IHS and tribal employees,
- ▶ perform ethics activities, and
- ▶ coordinate personnel suitability investigations.

Complaints and allegations may be submitted to the IHS or referred by the Office of Inspector General, Office of Investigations. Ethics activities include providing ethics training, coordinating outside activities reports and financial disclosure reports. Personnel suitability generally refers to verification of a person's character, reputation, trustworthiness, and fitness for Federal service.

METHODOLOGY

The IHS Director asked the Office of Inspector General (OIG) to conduct a management review on the effectiveness of the organization of its program integrity and ethics function.

Specifically, the IHS Director asked us to determine whether or not the IHS program integrity and ethics function is organized, staffed, and operating effectively. We did so by comparing the operations of IHS' program integrity and ethics function to the program integrity and ethics operations of four other organizations. The organizations selected for comparison were the Food and Drug Administration (FDA), National Institutes of Health (NIH), Centers for Disease Control and Prevention (CDC), and Health Resources and Services Administration (HRSA).

At IHS and each selected organization, we examined the organizational structure, staffing numbers and types, workload, policies, and operating procedures and practices. At each selected organization, we conducted on-site reviews of program integrity and ethics operations.

We also obtained opinions from staff at IHS headquarters, including the program integrity and ethics staff, and 11 of the 12 IHS area offices.¹ One area office did not respond to our survey. We personally interviewed IHS headquarters staff and the staff of one area office during on-site reviews. We obtained operating data and opinions from staff at the remaining ten area offices through use of a mail survey questionnaire. As necessary for clarification, we followed up by conducting telephone interviews with area office staff.

We also conducted telephone interviews with OIG hotline staff to determine referral and investigative procedures for allegations and complaints about the IHS, and for the other organizations. Further, we interviewed, by telephone, staff at the Office of Government Ethics to determine its relationship with the IHS and other organizations on ethics requirements.

Finally, we reviewed mission statements, policies, procedures, and program operations at the IHS for the program integrity and ethics function, and at each organization selected for comparison.

We conducted our inspection between April 1997 and August 1997. We conducted the inspection in accordance with *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

¹The 12 Area Offices are Aberdeen, Albuquerque, Alaska, Bemidji, Billings, California, Nashville, Navajo, Oklahoma City, Phoenix, Portland, and Tucson.

FINDINGS

MISSION, POLICIES, AND PROCEDURES ARE NOT CLEAR

Staff at IHS headquarters seem to understand the mission, policies, and procedures for program integrity and ethics. However, over half of the staff at area offices said the mission, policies, and procedures are not clear to them. They did not understand what the program integrity and ethics staff was expected to accomplish, or how it operated. Staff at a few area offices said they have limited communications with the program integrity and ethics staff because they do not understand the purpose and procedures. Staff at one area office said training is needed to help clarify the role of the program integrity and ethics staff.

IHS Has Not Finalized Policies and Procedures

One reason the mission, policies, and procedures are not clear for the program integrity and ethics function is that the IHS has not published final operating policies and procedures. At the time of our inspection, the policies and procedures manual had been in draft for over 2 ½ years.

More significantly, over half of area office staff responding to our inspection survey said they had not been provided copies of the draft manual.

Also, the draft manual itself needs further revisions. It covers a wide range of program integrity and ethics functions, but policies and procedures for some functions appear to be incomplete. To illustrate, the draft policies and procedures manual requires the program integrity and ethics staff to receive, investigate, and track complaints received through the OIG hotline referral process. However, it is silent on what to do with complaints that are received directly by area offices.

Likewise, the manual lacks clarity on the responsibilities, relationships, and procedures for IHS components that share program integrity and ethics duties.

To illustrate, IHS area office staff have directly received complaints and allegations about IHS employees. The area office staff did not refer such complaints to the program integrity and ethics staff, nor did they notify them of the existence or resolution of complaints. The area office staffs told us they do not coordinate with the program integrity and ethics staff on complaints they receive directly because they have not been instructed to do so. As a result, the program integrity and ethics staff may be unaware of any complaints and allegations received directly by area offices.

Lack of Clarity in IHS Draft Policies and Procedures Leads to Inefficiencies and Ineffectiveness Particularly for Personnel Suitability

IHS area offices, program integrity and ethics staff, and Division of Human Resources share certain responsibilities for personnel suitability investigations with the Federal Office of Personnel Management (OPM). The area offices work with OPM to review cases for area office positions.

However, the program integrity and ethics staff also review some area office cases, and those for headquarters positions. Likewise, the IHS program integrity and ethics staff share responsibilities with OPM and the IHS Division of Human Resources for processing personnel suitability cases within the IHS.

Responsibilities Are Not Clearly Delineated Between IHS Organizational Components

The overlapping and sharing of responsibilities within and outside the IHS does not necessarily create inefficiency or ineffectiveness. However, IHS policies and procedural guidance does not clearly delineate the specific responsibilities of each organization, or the processes for sharing responsibilities.

As a result, personnel suitability case investigations do not flow smoothly and timely through the organization. To illustrate, the OPM normally sends personnel suitability cases for 2 of the 11 area offices directly to the appropriate area office rather than to the program integrity and ethics staff. This procedure seems to conflict with IHS draft policy and procedure guidance. However, this seems to be the procedure preferred by most area office staff.

Conversely, the OPM normally sends personnel suitability cases for 8 of the 11 area offices to IHS program integrity and ethics staff. This procedure seems to be consistent with IHS draft policy manual. However, area office staffs said that they prefer OPM to send the cases directly to the area office.

Staff at the remaining area office said they did not know whether or not OPM normally sends personnel suitability cases to its area office or to the program integrity and ethics staff.

Routing Personnel Suitability Cases Through Program Integrity and Ethics Staff May Be Unnecessary and Ineffective

In instances where OPM sent area office cases to the program integrity and ethics staff, that staff largely performed only a pass-thru function. The cases typically were not reviewed by the program integrity and ethics staff, but instead were rerouted to the appropriate area office for review.

Area office staffs said that routing personnel suitability cases through the program integrity and ethics staff is an unnecessary step that makes the review and approval process untimely. Further, some said that the program integrity and ethics staff were not always timely in rerouting cases to the appropriate area offices for their review.

For example, staff at one area office said the program integrity and ethics staff took about a year to route some cases to them. Staff at another area office said the program integrity and ethics staff routed them the personnel suitability cases for another area office. Thus, the personnel suitability reviews were not completed timely.

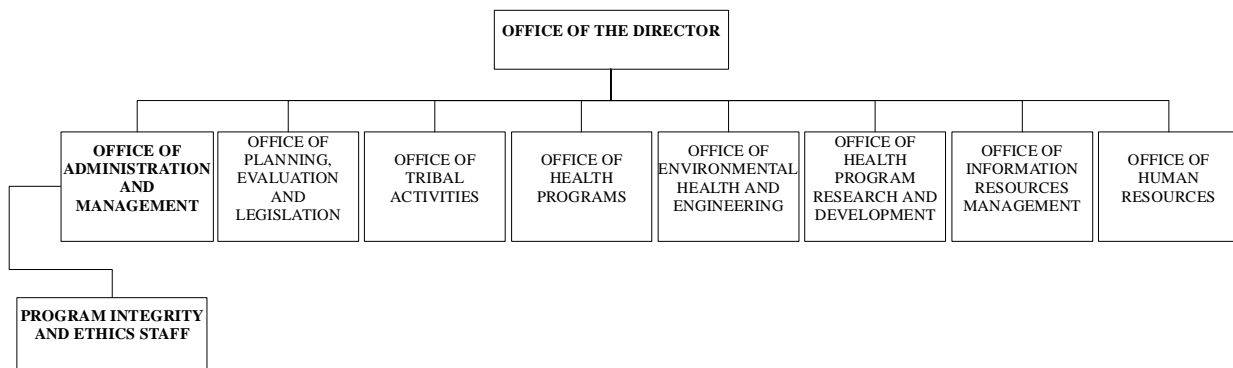
Finally, area office staffs seemed confused about which organizational component had what responsibility. To illustrate, staff at 8 of the 11 area offices responding to our survey said they

contact and rely on the Division of Human Resources for help with personnel suitability issues. The remaining 3 said they use the program integrity and ethics staff. This practice may or may not result in communication of consistent information and guidance to area offices on personnel suitability issues.

ORGANIZATIONAL STRUCTURE OBSCURES VISIBILITY AND PROMINENCE

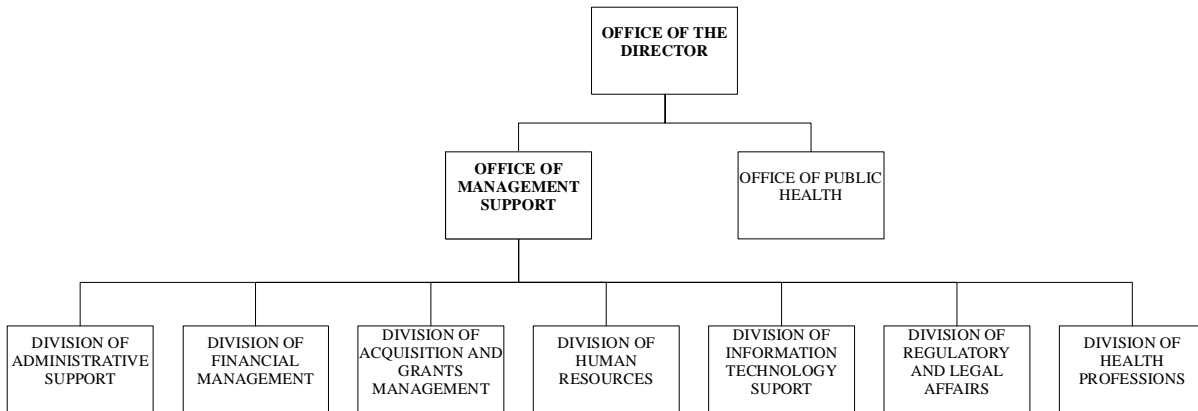
Prior to March 1997, program integrity and ethics was a staff function under the IHS Office of Administration and Management (See Chart 1). According to some IHS staff, this organizational scheme gave the program integrity and ethics function a clearly visible, identifiable position on IHS' organizational chart. Appendix A provides a detailed organizational chart.

**CHART 1
FORMER ORGANIZATIONAL CHART**



The visibility and prominence of the program integrity and ethics function was obscured, however, during a March 1997 reorganization (See Chart 2). At that time, the program integrity and ethics function was blended into the Office of Management Support. The program integrity and ethics function is no longer clearly visible on the organizational chart. The oversight and results of the program integrity and ethics function flow through the Director, Office of Management Support. Appendix B provides a more detailed organizational chart.

CHART 2
CURRENT ORGANIZATIONAL CHART



As can be seen, the new organizational chart does not specifically identify the location of program integrity and ethics staff. A May 1997 Office of Government Ethics review also pointed out the lack of visibility and prominence for the program integrity and ethics function in the revised organizational structure.

ORGANIZATIONAL PLACEMENT FRAGMENTS RESPONSIBILITY FOR PERSONNEL SUITABILITY

In the March 1997 reorganization, the IHS placed both the program integrity and ethics staff and the Division of Human Resources staff under one head--the Office of Management Support. Therefore, after the reorganization, the Director, Office of Management Support had overall responsibility for integrity, ethics, and personnel suitability functions. Within that Office, however, the personnel suitability function remains fragmented between the Director's Office and the Division of Human Resources. Those duties are also shared by area offices. As observed elsewhere in this report, this unspecified sharing of duties has resulted in confusion and inconsistent administration of duties.

We observed that the selected organizations we reviewed all located the personnel suitability function in one office. They generally chose to locate this function in the Office of Human Resources. (See Table 1). We did not evaluate the efficiency and effectiveness of the personnel suitability function in the selected organizations, however, it seems logical that they chose not to fragment such functions.

TABLE 1
ORGANIZATIONAL LOCATION OF PROGRAM INTEGRITY AND
ETHICS FUNCTIONS

FUNCTION	IHS	FDA	CDC	NIH	HRSA
Integrity (Complaints)	Office of Management Support	Commissioner's Office	Office of Management Operations	Office of Management Assessment	Office of Management & Program Support
Ethics (Training and Other Activities)	Office of Management Support	Office of Human Resources	Office of Human Resources	Office of Human Resources	Office of Human Resources
Personnel Suitability	Office of Management Support	Office of Human Resources	Office of Human Resources	Office of Human Resources	Office of Human Resources

STAFFING MAY BE INADEQUATE

Program Integrity and Ethics Staffing Is Smaller than That of Other Organizations

At June 17, 1997, IHS had 1 program integrity and ethics staff member for every 4,666 employees in the agency. This ratio of program integrity and ethics staff to agency employees was much less than that of any of the other four selected organizations we examined (See Table 2).

Our finding corroborated findings reported by the Office of Government Ethics in its 1997 report.

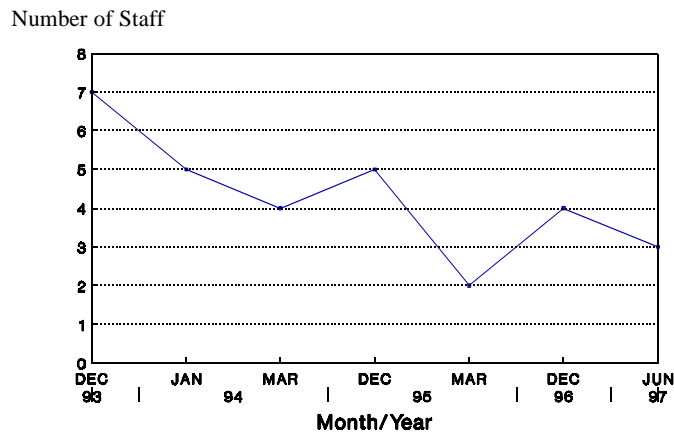
TABLE 2
COMPARISON OF IHS HEADQUARTERS PROGRAM INTEGRITY AND ETHICS
STAFFING TO THAT OF OTHER SELECTED ORGANIZATIONS

Agency	Agency Employees	Headquarters Staff Assigned to Integrity, Ethics, and Personnel Suitability	Ratio of Integrity, Ethics, and Personnel Suitability Staff to Agency Employees
IHS	14,000	3	1:4,666
FDA	9,000	29	1:310
CDC	6,000	11	1:545
NIH	17,000	16	1:1,062
HRSA	1,800	2	1:90

Program Integrity and Ethics Staffing Has Decreased Over the Past Few Years

From December 1993 to June 1997, IHS' program integrity and ethics staffing decreased from seven staff members to three (See Chart 3).

CHART 3
PROGRAM INTEGRITY AND ETHICS STAFFING



Functions Were Not Completed Timely

The Office of Government Ethics reported in 1997 that certain ethics functions had not been completed, or were not completed timely--particularly financial disclosures and training functions. The Office of Government Ethics expressed concern that IHS had not allocated sufficient staffing resources to administer such ethics functions, while also administering integrity functions. At the time, IHS had four members assigned to its program integrity and ethics function.

Our findings corroborated those of the Office of Government Ethics.² Also, we found that IHS had not responded timely to OIG hotline complaints about IHS employees and programs. Some IHS staff told us that integrity and ethics functions were not completed timely because the small program integrity and ethics staff gave priority to the personnel suitability function. However, as discussed earlier in this report, personnel suitability investigations were also not always done in a timely manner.

Coordinating and investigating personnel suitability, according to IHS headquarters staff, requires significant staff resources. To illustrate, the Indian Child Protection and Family Violence Prevention Act requires character investigations on all individuals who have regular contact with, or control over Indian children. Also, such investigations must be done for every potential IHS employee. Therefore, little time is left for program integrity and ethics staff to do other functions.

²Office of General Counsel, Office of Government Ethics, United States Department of Health and Human Services, Office of Government Ethics Review of IHS' Ethics Program, May 6, 1997.

RECOMMENDATIONS

Effective administration of IHS' program integrity and ethics function can be improved by clarifying responsibilities, and enhancing visibility and prominence within the organization.

We recommend that the IHS Director

- ▶ Finalize its policies and procedures manual and distribute it to all offices as soon as possible. The manual should clearly delineate the integrity and ethics responsibilities of all IHS components, and procedures for components to follow in carrying out IHS' overall policy.
- ▶ Disseminate materials such as letters, brochures, and pamphlets to all IHS staff. Such materials should explain the program integrity and ethics functions and how they are carried out.

Regarding the question on adequacy of staff for effective accomplishment of program integrity and ethics functions, we recognize that this difficult decision can only be made by IHS management. In making the decision, management must consider many variables, including the relative importance of all organizational goals and objectives, the priority use of limited staff resources for accomplishment of those goals and objectives, and the relative strengths of assigned staff. Simply increasing staff size may or may not be the solution to meeting IHS' program integrity and ethics objectives, although this may be one consideration. Another option that management could consider is transferring some functions to other organizational components. For example, the personnel suitability function could be transferred to the Division of Human Resources. These and other such staffing options could help assure effective and timely completion of IHS' program integrity and ethics objectives.

AGENCY COMMENTS

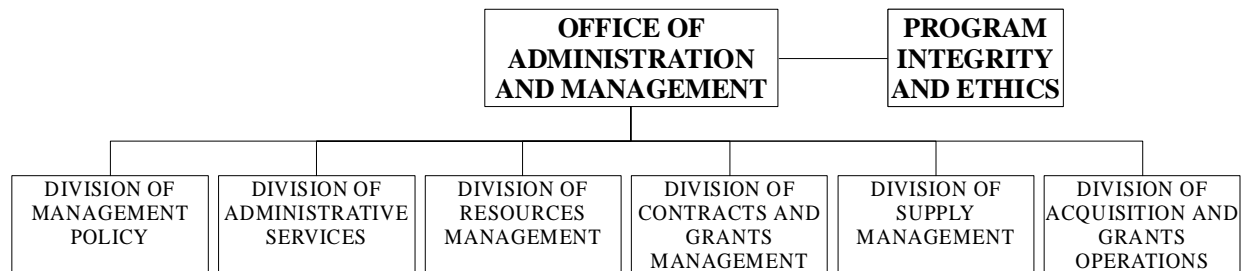
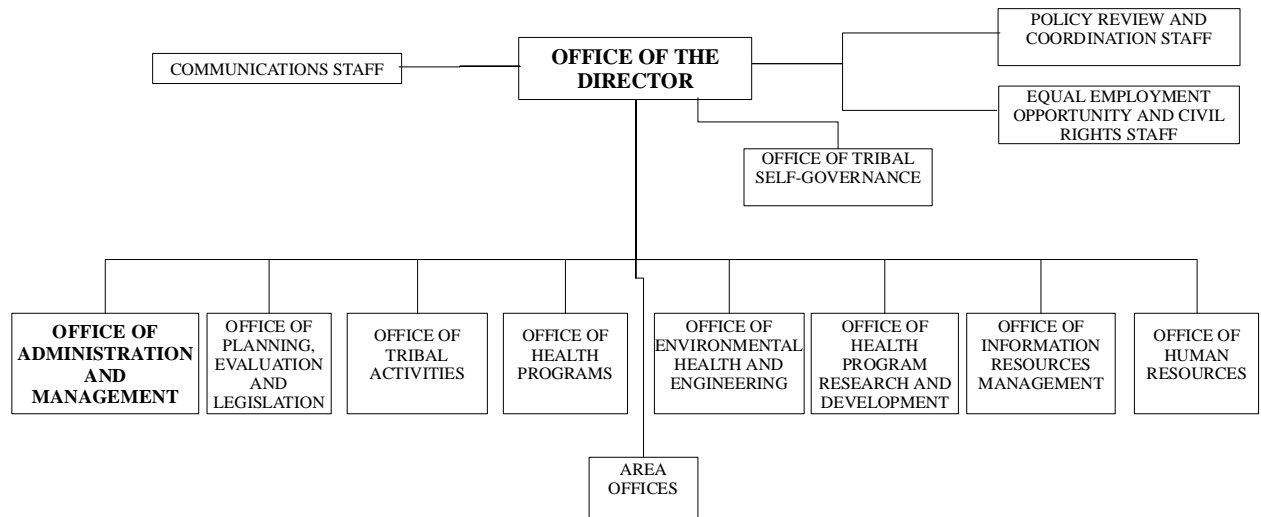
We received comments from the Assistant Secretary for Management and Budget (ASMB) who concurred with our recommendation that IHS finalize its policies and procedures manual and distribute it to all offices as soon as possible. However, ASMB raised questions about the significance of our original finding on the organizational location of the personnel suitability function. We revised our findings to emphasize that the unspecified sharing of duties and responsibilities among the two components has resulted in confusion and inconsistent administration of the personnel suitability duty.

The IHS did not comment on the draft report, but plans to provide comments on the final report.

Appendix C shows the full text of ASMB's comments.

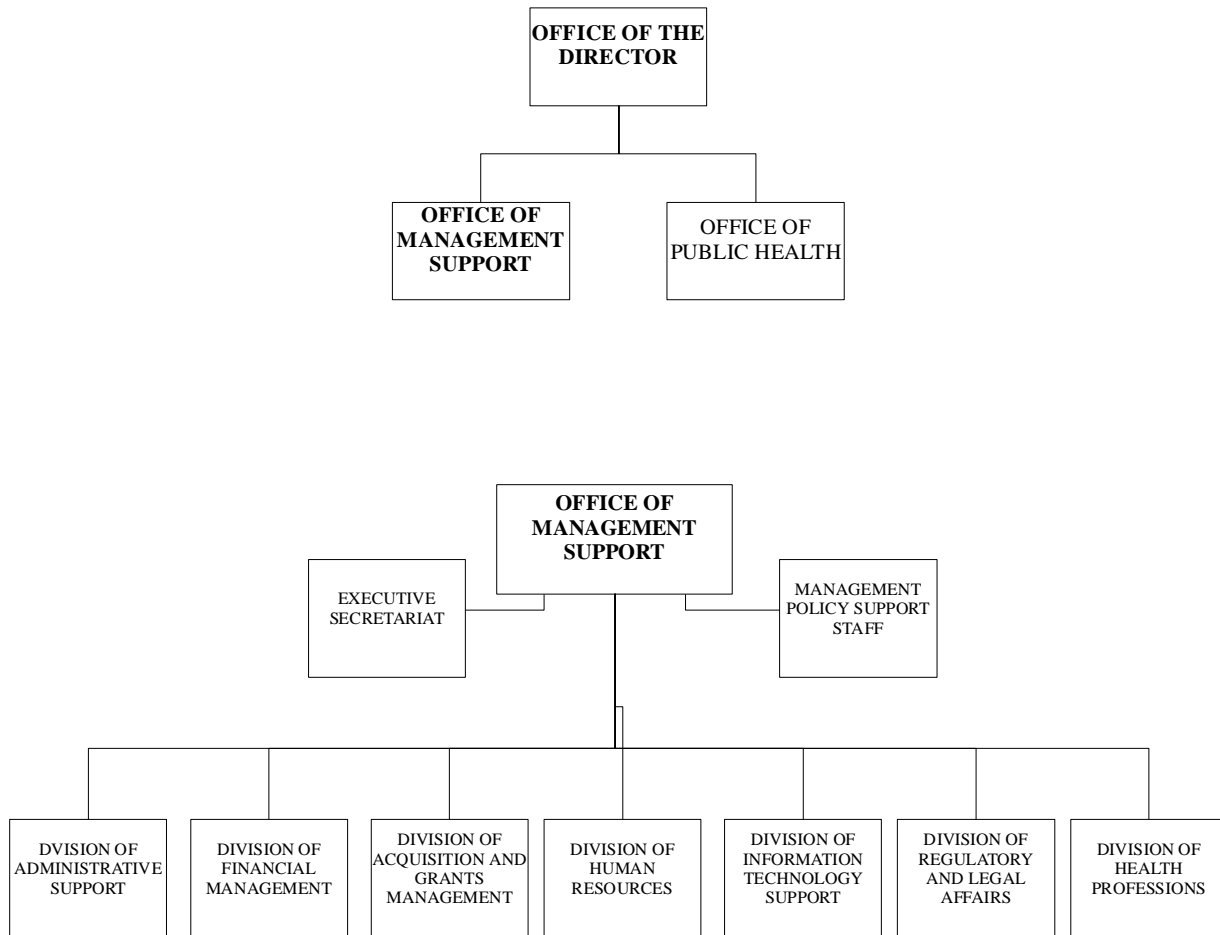
APPENDIX A

FORMER ORGANIZATIONAL CHARTS



APPENDIX B

CURRENT ORGANIZATIONAL CHARTS



(Note that the program integrity and ethics staff cannot be identified on this organizational chart.)

APPENDIX C

ASMB COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

AUG 11 1998

1998 AUG 12 A 10:30

OFFICE OF THE SECRETARY
GENERAL

MEMORANDUM TO: June Gibbs Brown
Inspector General

FROM: John J. Callahan
Assistant Secretary for Management and Budget

SUBJECT: OIG Draft Report: "Indian Health Service: A Management Evaluation of the Office of Program Integrity and Ethics," OEI-04-97-00060

Thank you for the opportunity to review the above titled report. We strongly concur with the central recommendation of this report, namely, that IHS finalize its policies and procedures manual and distribute it to all offices as soon as possible. We agree that the manual should clearly delineate the integrity and ethics responsibilities of all IHS components and the procedures for components to follow in carrying out IHS' overall policy. For your consideration, we also offer the following comments:

- Because the Indian Health Service (IHS) no longer has a component designated as the: "Office of Program Integrity and Ethics," we suggest that the report be retitled "A Management Evaluation of IHS's Program Integrity and Ethics functions."
- Throughout the report references are made to IHS as an agency within the Public Health Service (PHS). In 1995, the Secretary elevated the PHS agencies, including IHS, to Operating Divisions (OPDIVs), and placed them on par with other OPDIVs within the Department. Because PHS has no standing as an organization with formal organizational structure, the reference to the "PHS organizations" in the report is misleading. It gives the impression that PHS still exists as a separate entity within HHS. To conform with HHS administrative policy in this area, we suggest that the report identify IHS as an OPDIV within HHS and draw comparisons where needed between IHS and other HHS OPDIVs (FDA, CDC, NIH and HRSA) rather than with PHS organizations.
- Finally, on page 5, the report finds that the "personnel suitability" function may be misplaced within IHS because other OPDIVs, (i.e., FDA, CDC, NIH and HRSA) placed this function in their Office of Human Resources. Given that within IHS, the Director for the Office of Management Support has oversight responsibilities for IHS's Office of Human Resources as well as its "personnel suitability" function, we question the

EAIG
SAIG
PDIG
DIG-AS
DIG-EC
DIG-EI
DIG-OI
DIG-LP
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Page 2.

significance of the observation and whether it warrants extensive discussion in the report. If the discussion is retained in the report, we recommend that the report indicate that the OMS Director has responsibility for both of these functions.

Staff should refer questions on this report to Frank Burns, Office of Budget, on 690-6353.